



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

GAVIN NEWSOM - GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

April 15, 2019

Mr. Satwant Takhar, Finance Director
City of Wasco
764 E Street
Wasco, CA 93280

Dear Mr. Takhar:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Wasco Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 31, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$153,516 from Reserve Balances and \$1,367 from Other Funds, totaling \$154,883 available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Therefore, with the Agency's concurrence, the funding source for the following items have been reclassified in the amounts specified below:

Item No.	Item Name/Project Name	Total Funding Authorized	RPTTF Approved	Reserve Balances Approved
3	Administrative Costs	\$ 33,630	\$0	\$ 33,630
9	Registrar/Transfer Agent	5,000	0	5,000
10	Legal Fees for Sale of RDA Land	20,000	0	20,000
11	Land Sale Broker Costs	60,000	0	60,000
Total		\$118,630	\$0	\$118,630

After applying the available Reserve Balances to the items specified above, the Agency has excess Reserve Balances and Other Funds totaling \$36,253 (\$154,883 - \$118,630). Therefore, the Agency should request the use of these cash balances prior to requesting RPTTF in a subsequent ROPS.

- The claimed administrative costs exceed the allowance by \$216,370. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$33,630 for fiscal year 2019-20.

Although \$250,000 is requested for ACA, only \$33,630 is available pursuant to the cap. Therefore, as noted in the table below, \$216,370 in excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2018-19	\$ 206,416
Less distributed Administrative RPTTF	(139,156)
RPTTF distributed for 2018-19 after adjustments	67,260
ACA Cap for 2019-20 per HSC section 34171 (b)	33,630
ACA requested for 2019-20	250,000
ACA in Excess of the Cap	\$ (216,370)

Further, the administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the OB has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The County Auditor-Controller's review of the prior period adjustment form submitted by the Agency resulted in no prior period adjustment.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is zero as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for

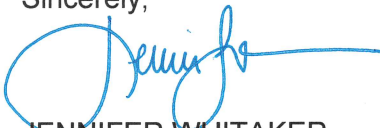
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items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Daisy Rose, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Diego Viramontes, Accounting Manager, City of Wasco
Ms. Mary B. Bedard, Auditor-Controller, Kern County

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 85,000	\$ 0	\$ 85,000
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	210,000	125,000	335,000
RPTTF Requested	85,000	0	85,000
<u>Adjustments</u>			
Item No. 9	(5,000)	0	(5,000)
Item No. 10	(20,000)	0	(20,000)
Item No. 11	(60,000)	0	(60,000)
	(85,000)	0	(85,000)
RPTTF Authorized	0	0	0
Administrative RPTTF Requested	125,000	125,000	250,000
<u>Adjustment</u>			
Item No. 3	(33,630)	0	(33,630)
Adjusted Administrative RPTTF	91,370	125,000	216,370
Excess Administrative Costs	(91,370)	(125,000)	(216,370)
Administrative RPTTF Authorized	0	0	0
Total RPTTF Authorized for Obligations	0	0	0
Prior Period Adjustment	0	0	0
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0